

Master Settlement Agreement

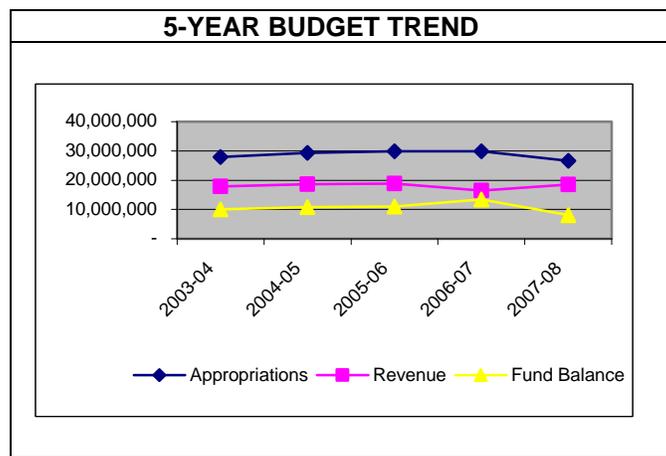
DESCRIPTION OF MAJOR SERVICES

This budget unit accounts for proceeds received from the tobacco lawsuit Master Settlement Agreement (MSA). In late 1998 a settlement was reached in a lawsuit filed by states against the tobacco industry. In California, the proceeds of the settlement are to be divided equally between the state and local governments who partnered in the lawsuit. Payments to local governments are based on a formula involving total tobacco sales and each local entity's population.

A majority of the county's total proceeds are used each year to finance a portion of the Arrowhead Regional Medical Center debt.

There is no staffing associated with this budget unit.

BUDGET HISTORY



PERFORMANCE HISTORY

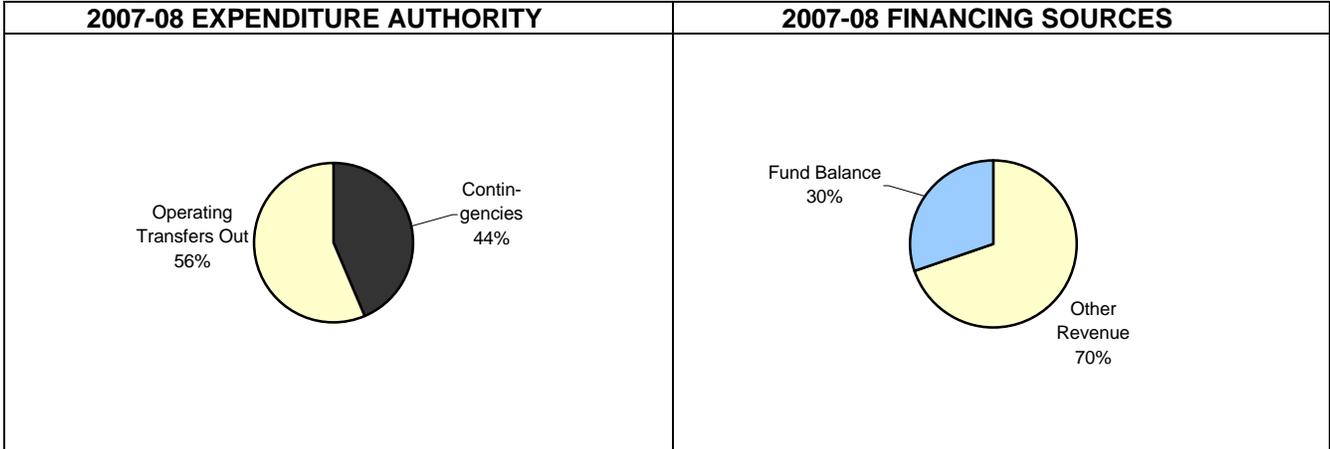
	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Modified Budget	2006-07 Estimate
Appropriation	-	18,633,000	15,000,000	29,851,043	22,933,000
Departmental Revenue	18,473,314	18,757,407	17,438,142	16,423,588	17,590,872
Fund Balance				13,427,455	

In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. Accordingly, estimated expenditure is typically less than modified budget. Estimated departmental revenue is higher than modified budget due to an increase in settlement monies being received.

In 2006-07, a \$4.0 million transfer to Chaffey College for enhancement of Chaffey's nursing program resulted in a decreased fund balance.



ANALYSIS OF PROPOSED BUDGET



GROUP: Administrative/Executive
DEPARTMENT: Master Settlement Agreement
FUND: Tobacco Settlement Agreement

BUDGET UNIT: RSM MSA
FUNCTION: Health and Sanitation
ACTIVITY: Hospital Care

	2003-04 Actual	2004-05 Actual	2005-06 Actual	2006-07 Estimate	2006-07 Final Budget	2007-08 Proposed Budget	Change From 2006-07 Final Budget
Appropriation							
Services and Supplies	-	-	-	-	170,730	-	(170,730)
Other Charges	-	-	-	4,000,000	4,000,000	-	(4,000,000)
Contingencies	-	-	-	-	6,747,313	11,585,327	4,838,014
Total Appropriation	-	-	-	4,000,000	10,918,043	11,585,327	667,284
Operating Transfers Out	-	18,633,000	15,000,000	18,933,000	18,933,000	15,000,000	(3,933,000)
Total Requirements	-	18,633,000	15,000,000	22,933,000	29,851,043	26,585,327	(3,265,716)
Departmental Revenue							
Use Of Money and Prop	269,155	280,108	479,359	590,872	250,000	500,000	250,000
Other Revenue	18,204,159	18,477,299	16,958,783	17,000,000	16,173,588	18,000,000	1,826,412
Total Revenue	18,473,314	18,757,407	17,438,142	17,590,872	16,423,588	18,500,000	2,076,412
Fund Balance					13,427,455	8,085,327	(5,342,128)

Contingencies of \$11,585,327 are increased by \$4,838,014 to reflect increased revenues, offset by the decreased fund balance resulting from the one-time transfer to Chaffey College that occurred in 2006-07. In accordance with Section 29009 of the State Government Code, the entire unreserved fund balance must be appropriated each year. The amount not expended is carried over to the subsequent year's budget.

Other charges are decreased by the one-time transfer of \$4.0 to Chaffey College that occurred in 2006-07.

Operating transfers out of \$15.0 million reflect a transfer to the General Fund which is then used to fund the local cost within the Health Administration budget unit. Health Administration uses that local cost to fund the \$4.3 realignment local match requirement and \$10.7 of net debt service lease payment for Arrowhead Regional Medical Center. The decrease of \$3.9 million is a result of eliminating the contribution to general fund financing.

Interest revenue of \$500,000 is increased by \$250,000 to reflect current interest rates and higher fund balance.

Other revenue of \$18.0 million is increased by \$1.8 million to reflect an anticipated increase in revenue received from the major tobacco companies to the Master Settlement Agreement fund.

